

STATEMENT OF SENATOR JOHN McCAIN  
CHAIRMAN, SENATE COMMITTEE ON  
COMMERCE, SCIENCE, AND TRANSPORTATION  
FULL COMMITTEE HEARING  
ON THE STATUS OF LABOR ISSUES IN THE AVIATION INDUSTRY  
APRIL 25, 2001

- C We are all aware of the numerous problems facing the aviation industry. Congestion, delays, and modernization of air traffic control are all issues that seem to rise to the forefront to be addressed again and again. This Committee, industry, the regulatory agencies and others have redoubled their efforts to address these serious problems.
- Recently, however, a new problem has risen, creating further havoc in our system. While labor negotiations in the airline industry have been ongoing for years, things have begun to worsen. The trend towards larger airlines has given unions greater leverage which appears to have contributed to a mind set that views any work stoppage as legitimate. Normally, even acrimonious labor negotiations are a part of the negotiating process with both sides using what leverage is available to them to reach the best deal. However, times have changed; these acrimonious negotiations now adversely affect the American people.
  - Let me say from the outset that I have no problems with the right to strike. Strikes are a legal remedy available under applicable labor statutes. Recently, however, courts have found more and more that labor unions in the airline industry have engaged in concerted illegal job actions. These courts have issued temporary restraining orders and injunctions prohibiting such actions. In recent months, United, American, Northwest and Delta have obtained court ordered relief from these alleged illegal job actions. In American's case, the court fined American's pilots over \$45 million for not adhering to the injunction.
  - These actions have affected millions of consumers. Middle America has been stranded time and time again as a result of this illegal union activity. According to published reports, last year, United cancelled over 23,000 flights as a result of its pilots' refusal to fly overtime, destroying carefully planned vacations and business trips. Northwest and Delta cancelled thousands of flights preemptively over the holiday seasons to combat alleged mechanic slowdowns and failure to fly overtime by pilots, respectively. The pilots' sickout at American in 1999 left thousands of people stranded, some of which have banded together to sue the pilots for damages.
  - In this day and age, a job action at a major airline can have a catastrophic effect on the aviation system and the consumer. The rest of the system would have a difficult time absorbing the

excess passengers and the system could come to a standstill. While management and labor are affected by this, both parties have contingencies planned in the event of a job action. The consumer is the one most affected by this increase in labor actions. It is the family flying across country for their vacation, the daughter coming home from college, and the son going to visit a sick parent who can not reach their destinations because the unions have taken matters into their own hands. In the case of pilots, these are people who, according to industry, on average make \$140,000 while working less than 80 hours a month. At the same time, according to the most recent data, in 1999, the average per capita income was \$21,281.

- The last two pilot contract negotiations, United and Delta, both of which had alleged job actions with far reaching effects on the consumer, resulted in a pay scale where, by the end of the contract, the senior pilots will make over \$280,000 in base pay with the ability to make one-third more for voluntarily flying 25 more hours a month. Not only should the consumer not have to suffer as a result of this avarice, but many analysts are concerned that with labor costs rising so high, airlines will not be able to survive economically or will at least put themselves in a hole for years to come. Labor costs for an airline are now projected to be over 33% of its fixed costs.
- Many people argue that management has a choice, but in reality, the choice is to give in to higher salary demands that a company may not be able to afford or face a debilitating strike that may cripple the airline and force it out of business. I don't believe that anyone would argue that is a choice.
- We have convened this hearing to look at these issues. Although this subject is one that can be very divisive along party lines, I have received complaints from both sides of the aisle about the current situation. I welcome the witnesses today and look forward to a lively and spirited debate.